Approved For Release 2003/01/29 : CIA-RDP79R00890A000600010054-1 CONFIDENTIAL THE SHIEFING

MIDDLE RAST DEVELOPMENTS

Soviet Activity

Most striking development is Middle East in recent weeks and months has been Soviet drive to disrupt Western defense plans in area and to expand its position there. To accomplish this the Usen mas:

- 1. Cultivated Nehru as "spokesman of neutral nations;" gave him "very red carpet" treatment on recent 20 day visit.
- 3. Encouraged Aighanistan to pursue its frontier foud with Pakistan by granting small loans, providing some technical help, and discussing transit arrangements which would free Sabul from dependence on Marachi.
- 3. Signed agreement with Iran, effective 21 May, settling financial claims and frontier disputes. Has already returned 11 tons gold (\$12 million) and begun shipping \$8.6 million sore in goods.
- 4. Approached Syria and Egypt indicating willingness to give economic assistance out also arms and some political support.
- 5. Rade repeated diplomatic and personal overtures to Greece a marker of free addy diplomatic Bimed at weakening American ties and Balkan alliance.

6. haunched energetic propaganda campaign encouraging neutralism throughout area emphasizing Soviet friendly desire to help and Western imperialistic war aims. Note here recent bucharest radio propaganda to Arab North ADPINEUTNO.

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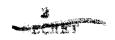
REVIEWER

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- 1. No significant Middle East reorientation has occurred.
 - 5. i.e. Hebru impressed but will continue on his own "in between" road.
 - b. Afghanistan playing its own lonesome game.
 - a. Iran remains pro- western.
 - d. Syria and Egypt apparently largely interested in Soviet offer as lever in interest and international policies.
 - e. Greek oriestation will probably continue pro-sent.
- 3. Serious developments may, however, be in the making.
 - a. Ealkan alliance (Greece-Turkey-Yugoslavia) now less firm and forthright partly as result of Yugoslavia's new caphasis on "independent position."
 - b. Middle East defense planning slowed by Iranian besitation and intra-Arab disputes.
 - e. Afghan tinkering with Soviet assistance may draw it into a state of economic domination by USSR.
 - of economic and technical bely may also find some "takers."

 The USER has contracted to build steel mill in India.
 - e. Arabs and Middle East generally encouraged by propaganda
 to take hard bargaining position versus west in direct
 relations and in UN.



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Aside from the current Soviet effort in the Eiddle East the following developments may be noted.

- 1. The Afghan-Pakistani dispute over the looting of the Pakistani embassy in Kabul and subsequent attacks on consulates in both countries remains unresolved. While the area of disagreement over how to reach a settlement has been marrowed, there is no assurance that solution is near despite efforts of the Saudi-Arabian mediator. Serious aspect is that Pakistani virtual closing of frontier has led Afghanistan to resume discussion on trade which dould lead to closer economic relations with USSR.
- 2. The 21 June Pakistani elections for a new constituent assembly have resulted in the government losing control of the assembly. No other group has gained a plurality. A cabinet reshuffle is inevitable and the fragmentation of power which has taken place makes stable responsible government unlikely. Later, reassertion of the Governor General's power in a less favorable climate of opinion is probable.
- 3. In Typrus the demands for self-determination leading to union of Cyprus with Greece contisue to be highlighted by tension and terrorist activity. The situation encouraged for internal political considerations by the Greek government. Meightens and revives Greek-Turkish animo(sities; weakens Balkan entente; and endangers American personnel and installations on Cyprus. Although London is considering proposals for ending the dispute there is no indication that any offer it may make will satisfy

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- In Turkey where the stability of national economy is seriously threatened the government is concerned by way opposition is profiting from deteriorating economy and recent denial of inerican loan. Government apparently declines to consider final the rejection of loan application or to institute basic economic reforms. No indication that economic situation will be resolved in near future.
- and Israel acheduled for 28 June. "High-level" talks between Egypt desired by Israel will not occur. Sporadic violence and incidents likely as always.

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7. Is North Africa the French-Tunisian agreement on home rule in Tunisia signed on 3 June has resulted in relative quiet there. Exactionary French bureaucrats in Tunisia as well as extreme untionalists and Communists are a potential source of trouble.

In Morocco the French government appears determined to act against French counterterrorism. Action inspired by death of wealthy French citizen Lemaigre-Dubreuil who favored comprenise with Moroccan nationalists. As sop to French residents

Morocco, French ousted Resident General Lacoste, whom they opposed, and appointed Gilbert Grandval--appointment is window

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dressing designed to give impression of action to solve Moroccan situation, while more procastination occurs in Paris on subject of long past due policy change and action re dynasty.

In Algeria there is an upsurge in rebel activity with extension of economic sabotage action. Reinforcement of troops by 20,000 (total now 110,000 to combat some 2,500 rebels) since mid-May and expected further reinforment of another 20,000 troops during summer. Recently announced "reforms" opposed by both settlers and Moslem element.